

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF IOWA

IN RE

**MERCY HOSPITAL, IOWA CITY,
IOWA *et al***
Debtors

Chapter 11

Case No. 23-00623

**REPLY TO OBJECTION OF THE
DEBTOR**

COMES NOW Progressive Rehabilitation Associates, LLC, through its undersigned counsel, for its Reply to the Objection of the Debtor (Dkt # 1034) to the PRA Motion for payment (Dkt # 990), respectfully states:

1. Debtor suggests in its Objection that assumption of the executory contract by UIHC extinguished any obligation that Debtor owed to PRA, or in the alternative that PRA must wait for payment along with other administrative claims entitled to payment under the Debtor's chapter 11 plan. Debtor's arguments are misguided for three reasons.

2. First, after much communication between Debtor and PRA, Debtor amended its listing of the prepetition default amount owed to PRA to be slightly in excess of \$214,000 (not the amount of \$150,000 stated in the objection). That amount was, without question, the unpaid amount due on the contract prior to the filing of the bankruptcy petition. It did not, and could not have included any post-petition amounts due under the contract. When UIHC agreed to assume the executory contract with PRA, it requested that PRA compromise the amount to be paid for the pre-petition default. PRA agreed to accept \$200,000 to satisfy the pre-petition default amount (see attached hereto and incorporated by reference herein **Exhibit 1** showing the amount invoiced to UIHC as settlement of the pre-petition default amount). Such agreement constituted a "reduction" in the amount of the pre-petition default, not an increase as implied by Debtor's objection.

3. Second, after negotiations with the Debtor post-petition, PRA agreed to continue to provide services under the executory contract, despite the substantial pre-petition default, because Debtor promised to promptly pay (within 10 days of invoice) all charges that accrued post-petition, so that PRA would not be exposed to any additional unpaid amounts beyond the pre-petition defaults. Presumably, Debtor made that promise to PRA to induce performance under the contract. Unquestionably, PRA would not have agreed to continue performance under the contract without that promise of payment.

4. Third, it is indisputable that Debtor benefited greatly from PRA's post-petition performance under the executory contract. Not only was the Debtor able to bill for and collect for the service performed by PRA personnel, but it was also able to achieve a \$200,000 reduction in its pre-petition obligations when UIHC assumed the contract and cured the pre-petition defaults. It would be inequitable to allow Debtor to profit from benefits it received from the performance it induced with its promise of payment, while denying PRA the benefit of the promised payment. Further, it is disingenuous for the Debtor to suggest that the machinations of the sale process somehow preempt any promise of payment that it previously made. Attached hereto, marked as **Exhibit 2** and **Exhibit 3**, and incorporated by reference herein, are "email strings" beginning on January 3, 2024 and ending on February 21, 2024, showing the various communications between PRA and the Debtor regarding the charges the Debtor now seeks to avoid. These email strings show that PRA was never advised that payment was precluded by the sale order or assumption of the contract by UIHC, and instead gave PRA every reason to believe payment would be forthcoming once certain information had been verified. Additionally, attached hereto, marked as **Exhibit 4**, and incorporated by reference herein, is an email string beginning March 6, 2024, between Scott Thoma of PRA and Mark Toney on behalf of the

Debtor. This email string shows the intent of the Debtor to withhold payment of acknowledged amounts owed to PRA in an attempt to reduce or avoid other amounts PRA was seeking to have paid by the Debtor. Of special significance is the portion of the string that is Mr. Thoma's email dated March 6, 2024 wherein he explains, at point #3, why the amounts owed cannot be asserted against UIHC. As may be noted in the Thoma email of March 6, PRA offered to compromise the amount owed in return for immediate payment. PRA acknowledges that Debtor made a counter-offer of payment that was not acceptable to PRA.

WHEREFORE, PRA respectfully requests that the Court consider the circumstances highlighted in this reply and overrule the objection and grant the relief requested in PRA's motion.

Respectfully Submitted,

/s/ Dan Childers
Dan Childers AT0001422
SHUTTLEWORTH & INGERSOLL PLC
115 3rd Street SE, Suite 500
PO Box 2107
Cedar Rapids, IA 52406-2107
Phone: 319-365-9461
Fax: 319-365-8443
E-mail: drc@shuttleworthlaw.com

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of this document was served electronically on parties who receive electronic notice through CM/ECF as listed on CM/ECF's notice of electronic filing or mailed USPS on May 30, 2024.

By: /s/ Patti K. O'Keefe



Invoice #001

Supplier ID: 0001117602

Invoice addressed to:

Purchasing - State University of Iowa
202 PCO
Iowa City, IA 52242

Progressive Rehabilitation Associates LLC

Assumption and Assignment of Inpatient and Home Health Rehabilitation Contract

DESCRIPTION	TOTAL
Total Cure Amount Mercy Bankruptcy	\$214,780.94
Settlement Amount	\$200,000.00
Detailed Invoice Attached	
Subtotal	\$200,000
Total	\$200,000

Payable by: 02/29/2024

Account Number
ABA Routing Number: 092901683

Scott Thoma - Owner/Director of Operations
Progressive Rehabilitation Associates, LLC
1130 Scott Blvd Suite 1
Iowa City, IA 52240
sthoma@praiowa.com
(563)370-6751 - Mobile

Scott Thoma

From: Scott Thoma
Sent: Wednesday, February 21, 2024 10:14 AM
To: Kara D. Borodkin
Subject: RE: Mercy-PRA year end settlement

Morning Kara,

Wanted to check in to see if there was anything else you needed from us regarding the latest pro-rated payroll amount as well as the year end reconciliation?

Thanks again! Please let me know if you need anything additional

Scott M. Thoma, PT
Director of Operations, Director of Marketing
Office Phone: 319-338-5800
Cell Phone: 563-370-6751



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From: Scott Thoma
Sent: Monday, February 19, 2024 12:07 PM
To: Kara D. Borodkin <Kara.Borodkin@mercyic.org>; Christopher Weber <christopher.weber@mercyic.org>
Subject: RE: Mercy-PRA year end settlement

Kara,

This is agreeable to us. Please find the updated file. Let me know if you have any additional questions

Scott M. Thoma, PT
Director of Operations, Director of Marketing
Office Phone: 319-338-5800
Cell Phone: 563-370-6751



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Scott Thoma

From: Kara D. Borodkin <Kara.Borodkin@mercycic.org>
Sent: Monday, February 19, 2024 11:48 AM
To: Scott Thoma; Christopher Weber
Subject: RE: Mercy-PRA year end settlement
Attachments: ProgressiveVisitsCY23.xlsx

Hi Scott / Chris –

I've follow up with Paul Johanson on our 2023 visits and we have a small variance in count of about 5. Would you please let me know if you agree with the attached, and if so update the reconciliation so we can get it reviewed for payment?

Thanks,
Kara

Scott Thoma

From: Kara D. Borodkin <Kara.Borodkin@mercycic.org>
Sent: Friday, February 16, 2024 12:28 PM
To: Christopher Weber; Scott Thoma
Subject: RE: Mercy-PRA year end settlement

This is exactly what I needed, thanks for the quick response.

From: Christopher J. Weber <Christopher.Weber@mercycic.org>
Sent: Friday, February 16, 2024 1:25 PM
To: Scott Thoma <sthoma@praiowa.com>; Kara D. Borodkin <Kara.Borodkin@mercycic.org>
Subject: Re: Mercy-PRA year end settlement

Kara,

The last budget agreement is attached. It is signed by Kim Volk, as she was the executive team member responsible for our contracted service. We worked with Paul Johanson and Brenda Flynn prior to Kim's final approval. Please let me know if you have any further questions.

Chris Weber, MOT, OTR/L
Rehabilitation Services Director
University of Iowa Healthcare Medical Center Downtown
500 East Market Street | Iowa City, IA 52245
phone: 319-339-3536 | fax: 319-358-2648



Notice: On 1/31/2024 Mercy Hospital Iowa City has transitioned to University of Iowa Health Care Medical Center Downtown. Documentation (including email addresses) may still reflect Mercy Hospital; we are working diligently on updating this information. Thank you for your patience during this transition.

From: Scott Thoma <sthoma@praiowa.com>

Scott Thoma

From: Kara D. Borodkin <Kara.Borodkin@mercyic.org>
Sent: Friday, February 16, 2024 12:28 PM
To: Christopher Weber; Scott Thoma
Subject: RE: Mercy-PRA year end settlement

This is exactly what I needed, thanks for the quick response.

From: Christopher J. Weber <Christopher.Weber@mercyic.org>
Sent: Friday, February 16, 2024 1:25 PM
To: Scott Thoma <sthoma@praiowa.com>; Kara D. Borodkin <Kara.Borodkin@mercyic.org>
Subject: Re: Mercy-PRA year end settlement

Kara,

The last budget agreement is attached. It is signed by Kim Volk, as she was the executive team member responsible for our contracted service. We worked with Paul Johanson and Brenda Flynn prior to Kim's final approval. Please let me know if you have any further questions.

Chris Weber, MOT, OTR/L
Rehabilitation Services Director
University of Iowa Healthcare Medical Center Downtown
500 East Market Street | Iowa City, IA 52245
phone: 319-339-3536 | fax: 319-358-2648



Notice: On 1/31/2024 Mercy Hospital Iowa City has transitioned to University of Iowa Health Care Medical Center Downtown. Documentation (including email addresses) may still reflect Mercy Hospital; we are working diligently on updating this information. Thank you for your patience during this transition.

From: Scott Thoma <sthoma@praiowa.com>
Sent: Friday, February 16, 2024 12:16 PM
To: Kara D. Borodkin <Kara.Borodkin@mercyic.org>; Christopher J. Weber <Christopher.Weber@mercyic.org>
Subject: Re: Mercy-PRA year end settlement

Chris,
I'm connecting you with Kara. Kara is with Mark Toney's group.

Kara- Chris is our inpatient manager who is/was involved in the budget planning process.

Chris- please connect with Kara to help her understand the budget process.

Let me know if I can be of any help

Scott M. Thoma, PT
Director of Operations, Director of Marketing
Office Phone: 319-338-5700

To: Scott Thoma <sthoma@praiowa.com>
Subject: RE: Mercy-PRA year end settlement

Hey Scott –

Do you know where the Budget Visit amount came from and who approved it? Any documentation around the 2023 budget would be great.

Thanks,
Kara

From: Scott Thoma <sthoma@praiowa.com>
Sent: Thursday, February 15, 2024 3:50 PM
To: Kara D. Borodkin <Kara.Borodkin@mercycic.org>
Subject: RE: Mercy-PRA year end settlement

Hey Kara,
The amount was \$21,769.32

It was invoiced to Mercy on 4.30.2023.

It was paid with other benefit expenses on 6.30.2023 Check date 6.20.2023 Check Number 743531

Total check was 99,312.62
Wages and Taxes – 70,922.29
Total Benefits Paid – 28,390.33 which would include “regular” benefits as well as the \$21,769.32

I’ve attached for your records.

Scott M. Thoma, PT
Director of Operations, Director of Marketing
Office Phone: 319-338-5800
Cell Phone:563-370-6751



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From: Kara D. Borodkin <Kara.Borodkin@mercycic.org>
Sent: Thursday, February 15, 2024 12:40 PM
To: Scott Thoma <sthoma@praiowa.com>
Subject: RE: Mercy-PRA year end settlement

Thanks, Scott. If you have the amount handy I’ll take it as reference.

Thanks!

From: Scott Thoma <sthoma@praiowa.com>
Sent: Thursday, February 15, 2024 1:32 PM
To: Kara D. Borodkin <Kara.Borodkin@mercycic.org>
Subject: RE: Mercy-PRA year end settlement

Kara,
Here is the document I believe you are looking for.
Exhibit B.
Specifically on the 401K Match this is typically invoiced/paid late Feb/Early March. I can get the exact date and amount paid last year if you'd like for me to get that for you

Scott M. Thoma, PT
Director of Operations, Director of Marketing
Office Phone: 319-338-5800
Cell Phone: 563-370-6751



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From: Kara D. Borodkin <Kara.Borodkin@mercycic.org>
Sent: Wednesday, February 14, 2024 8:41 PM
To: Scott Thoma <sthoma@praiowa.com>
Subject: RE: Mercy-PRA year end settlement

Understood, I think we're just looking for some source documentation for the wages/benefits component.

I'll give you a ring in the morning, thank you!

From: Scott Thoma <sthoma@praiowa.com>
Sent: Wednesday, February 14, 2024 9:40 PM
To: Kara D. Borodkin <Kara.Borodkin@mercycic.org>
Subject: Re: Mercy-PRA year end settlement

The 4K is for the management fee.
That's always been billed separately from wages, benefits, taxes etc.
I'd be happy to hop on a call tomorrow to discuss further

Scott M. Thoma, PT
Director of Operations, Director of Marketing
Office Phone: 319-338-5700

Cell Phone:563-370-6751

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From: Kara D. Borodkin <Kara.Borodkin@mercyic.org>
Sent: Wednesday, February 14, 2024 6:57:13 PM
To: Scott Thoma <sthoma@praiowa.com>
Subject: RE: Mercy-PRA year end settlement

Hi Scott –

I'm working on providing an updated reconciliation to Mark/Jim for their review, however the most recent contract/service agreement I have is from 2018 and only references costs of ~\$4k per month. Do you have an updated contract that would have the fee breakdown or cost responsibilities?

Thanks,
Kara

From: Scott Thoma <sthoma@praiowa.com>
Sent: Tuesday, February 13, 2024 1:36 PM
To: Mark Toney <Mark.Toney@mercyic.org>; Jim Porter <Jim.Porter@mercyic.org>; Kara D. Borodkin <Kara.Borodkin@mercyic.org>
Cc: Brownlee, Michael J <michael-brownlee@uiowa.edu>; Dan Childers <DRC@ShuttleworthLaw.com>; Benjamin Nielson <BGN@ShuttleworthLaw.com>
Subject: FW: Mercy-PRA year end settlement

Good Afternoon All,
I wanted to get us all together to make sure all aspects of the PRA contract have been effectively worked through.

Here is where we stand currently:

1. We will send one final invoice to Mercy that will include the following Our pay periods run 1-25-24 through 2-10-24
 - a. Wages, Taxes, Benefits, and Pre-Employment Screens that occurred from 1-26 through 1-30
2. We will send Invoice to the University for the above mentioned from 1-31 through 2-10

However – There are 2 outstanding items that need to be addressed.

1. Year End Reconciliation
 - a. The information on this is attached. As you can see in the email string below – this information was sent to Paul, Brenda, and Kim on 1-4-2024. We have yet to hear anything from anyone on payment for this.
 - i. The amount owed to PRA is \$30,575.16
 - ii. Please advise on how this will be reconciled and when we can anticipate payment
2. 401K Match Amounts

- a. This is an expense that Mercy traditionally reimburses PRA for. We are nearing completion of all compliance testing and should have these amounts in the upcoming weeks
 - i. Please advise how this should be reconciled

The University has made Cure Amount Payment and we have an avenue established for contracted payments moving forward. We would like to effectively close our financial relationship with Mercy and move forward with UIHC but need resolution on the above items.

Please advise.

Scott M. Thoma, PT
Director of Operations, Director of Marketing
Office Phone: 319-338-5800
Cell Phone: 563-370-6751



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From: jalbright@praiowa.com <jalbright@praiowa.com>
Sent: Tuesday, February 13, 2024 11:47 AM
To: Scott Thoma <sthoma@praiowa.com>
Subject: FW: Mercy-PRA year end settlement

From: jalbright@praiowa.com
Sent: Thursday, January 4, 2024 3:47 PM
To: Paul Johanson <Paul.Johanson@mercyic.org>; Brenda Flynn <Brenda.Flynn@mercyic.org>
Cc: Kim D. Volk <Kim.Volk@mercyic.org>; Christopher Weber <christopher.weber@mercyic.org>
Subject: Mercy-PRA year end settlement

Hello Paul and Brenda,

Chris has gathered the information to complete the year end settlement for the inpatient contract with PRA. Attached is the settlement wage data and annual visit log for your review. Chris provided all source documents to make the review process as easy as possible.

Please let us know if you have questions or revisions.

Joe

Joe Albright, PT
President
Progressive Rehabilitation Associates

1130 Scott Blvd, Ste. 1
Iowa City, IA 52240
319-354-2429 (office)
319-569-2972 (direct line)



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From: Kara D. Borodkin <Kara.Borodkin@mercyic.org>
Sent: Monday, February 5, 2024 9:26 AM
To: Scott Thoma <sthoma@praiowa.com>; Colleen Benhart <cbenhart@praiowa.com>
Cc: Mark Toney <Mark.Toney@mercyic.org>; Jim Porter <Jim.Porter@mercyic.org>
Subject: RE: 4th qtr benefits

That is correct, thanks Scott.

From: Scott Thoma <sthoma@praiowa.com>
Sent: Monday, February 5, 2024 10:24 AM
To: Colleen Benhart <cbenhart@praiowa.com>; Kara D. Borodkin <Kara.Borodkin@mercyic.org>
Cc: Mark Toney <Mark.Toney@mercyic.org>; Jim Porter <Jim.Porter@mercyic.org>
Subject: RE: 4th qtr benefits

Colleen,
The U took over as of 1-31. We will need to prorate – for this pay period, wages and benefits for 1-26 through 1-30. And then moving forward we will bill the rest to the U.

Kara Jim, please confirm this is correct.

Scott M. Thoma, PT
Director of Operations, Director of Marketing
Office Phone: 319-338-5800
Cell Phone: 563-370-6751



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From: Colleen Benhart <cbenhart@praiowa.com>
Sent: Monday, February 5, 2024 9:22 AM
To: Kara D. Borodkin <Kara.Borodkin@mercyic.org>
Cc: Mark Toney <Mark.Toney@mercyic.org>; Scott Thoma <sthoma@praiowa.com>; Jim Porter <Jim.Porter@mercyic.org>
Subject: Re: 4th qtr benefits

Hi Kara,

The pay period, which covers 1/26 thru 2/10 will be done on Monday, 2/12/24. Let me know if you have any other questions.

Thank you!

Colleen Benhart
Administrative Assistant
Progressive Rehab
1130 Scott Blvd., Ste. 1
Iowa City, IA 52240
319.569.2969 (p)
319.338.5775 (f)
cbenhart@gmail.com
cbenhart@praiowa.com

From: Kara D. Borodkin <Kara.Borodkin@mercyic.org>
Sent: Monday, February 5, 2024 9:16 AM
To: Colleen Benhart <cbenhart@praiowa.com>
Cc: Mark Toney <Mark.Toney@mercyic.org>; Scott Thoma <sthoma@praiowa.com>; Jim Porter <Jim.Porter@mercyic.org>
Subject: RE: 4th qtr benefits

Thank you, Colleen. Can you confirm when you expect to have the final payroll component? The last file was for the pay period ending 1/25, so we would be looking for the period 1/26 – 1/30.

Thanks,
Kara

From: Colleen Benhart <cbenhart@praiowa.com>

Sent: Monday, February 5, 2024 10:03 AM

To: kborodkin@toneykorf.com; Kara D. Borodkin <Kara.Borodkin@mercycic.org>

Cc: Mark Toney <Mark.Toney@mercycic.org>; Scott Thoma <sthoma@praiowa.com>; Jim Porter <Jim.Porter@mercycic.org>

Subject: Re: 4th qtr benefits

Hi Kara,

After looking through my spreadsheets I show the following as unpaid.

Pre-Work Screens for January \$468.00

Monthly benefits for January \$4,156.00

Mercy Mgmt Fee for January \$4,137.00

Please let me know if any of these have been paid and the date they were paid.

Thank you,

Colleen Benhart

Administrative Assistant

Progressive Rehab

1130 Scott Blvd., Ste. 1

Iowa City, IA 52240

319.569.2969 (p)

319.338.5775 (f)

clbenhart@gmail.com

cbenhart@praiowa.com

From: Jim Porter <Jim.Porter@mercycic.org>

Sent: Sunday, February 4, 2024 8:52 AM

To: Colleen Benhart <cbenhart@praiowa.com>; kborodkin@toneykorf.com <kborodkin@toneykorf.com>; Kara D. Borodkin <Kara.Borodkin@mercycic.org>

Cc: Mark Toney <Mark.Toney@mercycic.org>; Scott Thoma <sthoma@praiowa.com>

Subject: RE: 4th qtr benefits

Good morning,

As we move toward the sale closure, it we would like to ensure all amounts paid to PRA for operations are consistent with the contract terms.

Colleen – can you please work with Kara to make sure we are up to date and charged appropriately.

Thanks all, appreciate your help.

From: Colleen Benhart <cbenhart@praiowa.com>

Sent: Wednesday, January 3, 2024 3:59 PM

To: kborodkin@toneykorf.com; Jim Porter <Jim.Porter@mercycic.org>

Cc: Mark Toney <Mark.Toney@mercycic.org>; Scott Thoma <sthoma@praiowa.com>

Subject: 4th qtr benefits

Please let me know if you have any questions.

Thank you,

Colleen Benhart

Administrative Assistant

Progressive Rehab

1130 Scott Blvd., Ste. 1

Iowa City, IA 52240

319.569.2969 (p)

319.338.5775 (f)

clbenhart@gmail.com

cbenhart@praiowa.com

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Scott Thoma

From: Scott Thoma
Sent: Wednesday, April 24, 2024 4:42 PM
To: Dan Childers; Patti O'Keefe
Subject: FW: Meeting Availability

Dan,

Here is the email chain with Mark Toney noting that they are withholding payment. It's highlighted

Scott M. Thoma, PT
Director of Operations, Director of Marketing
Office Phone: 319-338-5800
Cell Phone: 563-370-6751



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From: Mark Toney <Mark.Toney@mercycic.org>
Sent: Wednesday, March 6, 2024 2:35 PM
To: Scott Thoma <sthoma@praiowa.com>; Dan Childers <DRC@ShuttleworthLaw.com>; Benjamin Nielson <BGN@ShuttleworthLaw.com>
Cc: Roy Leaf <rleaf@nyemaster.com>; Jim Porter <Jim.Porter@mercycic.org>
Subject: RE: Meeting Availability

Hi Steve –

I'm sensitive to the business needs and that is why we offered to pay weekly to help stabilize your organization.

I apologize for asking something I should know, but did UI assume your contract? If they did, are they not responsible for the cure amounts?

Please answer those questions, and I will confer with Roy to respond back to your counsel.

Thank you.
Mark

From: Scott Thoma <sthoma@praiowa.com>
Sent: Wednesday, March 6, 2024 2:28 PM
To: Mark Toney <Mark.Toney@mercycic.org>; Dan Childers <DRC@ShuttleworthLaw.com>; Benjamin Nielson <BGN@ShuttleworthLaw.com>

Cc: Roy Leaf <rleaf@nyemaster.com>; Jim Porter <Jim.Porter@mercyic.org>
Subject: RE: Meeting Availability

Mark,

Thanks for the email.

Couple of things that I would appreciate some clarity on on your end for the sake of future conversations.

1. Do you feel that Mercy correctly owes PRA for the wages and benefits as listed for 1-26 through 1-30 on the invoice for Roughly \$27,000?
 - a. If you disagree with this amount – please provide discussion on which portion of this you do not agree with.
2. I would agree with you that during our meeting you verbally agreed to continue to pay per normal course for wages and benefits – with a 10 day payment window; however, I do not recall, nor does my Partner Joe recall, any conversation regarding a month end “true-up”. This is not something that has been or ever was completed with our agreement with Mercy. The true-up occurred at the end of the year and was included in our process this year, with several different email dialogues with Kara regarding the accurate amount of the variance. A month by month “true-up” is not part of normal course.
3. If there was no intention on paying at least a portion of the year end reconciliation and 401K match, this should have been communicated to PRA in a manner in which allowed for us to include this in the Cure amounts provided to the University – as they are contractual obligations and are owed to PRA as part of the contract assumption
 - a. As you know – an amount that did not include these values was already agreed upon and paid by the University- so that leaves us in a situation that is relatively no-win for PRA.

Here is my proposal:

1. Mercy agrees to pay PRA in Full for the invoice for wages and benefits in the amount of \$27,155.79. Regardless of it you agree with the remaining invoices – this is past due.
2. Mercy agrees to pay a portion of the year end reconciliation that occurred from August 7th through the end of the year – as part of normal course. For the sake of expediency we can take 5/12th of the total of \$30,724.66 = \$12,801.94
3. Mercy agrees to pay a portion of the 401K Match amounts that occurred from August 7th through the end of the year – as part of normal course. For the sake of expediency we can take 5/12th of the total \$21,160.80 = \$8,817.00

Total Amount owed by Mercy to PRA would be as follows: \$48,774.73.

I understand your position in terms of justifying expense and ensuring the greatest asset value for the sale of Mercy. However, the amounts that are due to PRA are contractually agreed upon values that are owed to PRA. I too, am charged with protecting our organization financially and however small that number may seem to you, or to anyone else, these are real dollars that are rightfully owed to our organization.

Please advise.

Scott M. Thoma, PT
Director of Operations, Director of Marketing
Office Phone: 319-338-5800
Cell Phone: 563-370-6751



BOOK APPOINTMENT

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From: Mark Toney <Mark.Toney@mercyic.org>

Sent: Wednesday, March 6, 2024 11:27 AM

To: Scott Thoma <sthoma@praiowa.com>; Dan Childers <DRC@ShuttleworthLaw.com>; Benjamin Nielson <BGN@ShuttleworthLaw.com>

Cc: Roy Leaf <rleaf@nyemaster.com>; Jim Porter <Jim.Porter@mercyic.org>

Subject: RE: Meeting Availability

Dear Scott,

Rather than wait for our attorneys to talk and we all have limited time to coordinate a conference call, let me outline the issues for you and propose a path forward.

First, Mercy and PRA agreed to terms back when we met that Mercy would pay for the salary of the staff working on Mercy matters every week. PRA provided an Excel spreadsheet each week with names and compensation. Specific benefits were added to the spreadsheet, and Mercy did not dispute but paid in good faith. We had agreed that there was to be a reconciliation done each month as to actual vs. estimates, but this wasn't done, and Mercy continued to pay PRA from its spreadsheets because the arrangement intended to not harm PRA further in the process, and Mercy recognized the benefit for the continued PT services.

With that outlined, Mercy has tried reconciling usage for the weekly periods, but Mercy has to rely on PRA's information. Further, the amount increases each time we receive an email due to "another calculation." PRA is now requesting approximately \$80k, for which Mercy is in a difficult position because we cannot fully justify the amounts paid for the weekly payments requested.

Hence, the January 2024 invoice has been held until we can fully reconcile the prior periods.

Further, questions remain about the other amounts requested for the purported amounts owed for the periods 1/1/23 to 12/31/23. Please recognize that this review process is not only "directed" at PRA. Instead, as a fiduciary for the estate, I am charged with maximizing value for the estate's stakeholders and must ensure that payments are due, owing, and valid before I can authorize them.

In an effort to get to a quick resolution and settle any potential conflicts, Mercy proposes one of two options:

- 1) Mercy will remit the January payments (wages and management fee), and PRA may retain its rights to file unsecured claims for the remaining balances, to be reconciled and resolved at a later date as part of the Plan of Liquidation; or
- 2) PRA can file an Administrative Claim for the full amounts it asserts it is owed. The amounts will be reconciled and resolved later when the administrative claims and unsecured claims are resolved and paid with the Plan of Liquidation.

Please let us know if you wish to follow one of these paths. I hope this clarifies the delay. You are more than welcome to have your counsel talk further with Roy.

Regards,
Mark

From: Scott Thoma <sthoma@praiowa.com>

Sent: Wednesday, March 6, 2024 7:48 AM

To: Mark Toney <Mark.Toney@mercyic.org>; Dan Childers <DRC@ShuttleworthLaw.com>; Benjamin Nielson <BGN@ShuttleworthLaw.com>

Subject: Meeting Availability

Good Morning All,

I apologize in advance if this is not following protocol but it seems that there are some inefficiencies in our communications and felt this was the simplest way to try to coordinate.

What is your availability today for a conference/zoom call regarding our financial discussions? I will be out of the office all next week and would like to have resolution to this matter by weeks end.

I would prefer to have a member of our legal team present during this meeting.

Thank you in advance for your assistance and time.

Scott M. Thoma, PT

Director of Operations, Director of Marketing

Office Phone: 319-338-5700

Cell Phone: 563-370-6751

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BOOK APPOINTMENT

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